

Streamlined Sales Tax Taxability Matrix
Library of Definitions
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State: IOWA

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Each of the items listed in the chart are defined in the Library of Definitions in the Streamlined Sales Tax Agreement adopted November 12, 2002, or adopted by the Implementing States subsequent to November 12, 2002. Refer to Appendix C of the Streamlined Sales Tax Agreement for each definition.

Place an "X" in the appropriate column under the heading "Treatment of definition" to indicate the treatment of each definition in your state. If a definition does not apply to your state, enter "NA" in the first column under the heading "Treatment of definition." In accordance with the agreement, your state must adopt the definitions in the Library of Definitions that apply to your state without qualifications except for those allowed by the agreement. For this reason, do not enter any comments or qualifications in the two columns under the heading "Treatment of definition". If your state has adopted a definition in the Library of Definitions with a qualification, do not place an "X" in either column under the heading "Treatment of definition" but include a comment in the "Reference" column explaining the qualification. Enter the applicable statute/rule cite in the "Reference" column.

Sellers and certified service providers are relieved from tax liability to the member state and its local jurisdictions for having charged and collected the incorrect amount of sales and use tax resulting from the seller or certified service provider relying on erroneous data provided by the member state relative to treatment of the terms defined in the Library of Definitions.

Administrative definitions	Treatment of definition		Reference
	Included in sales price	Excluded from sales price	Statute/Rule Cite
Sales price Identify how the options listed below are treated in your state. The following options may be excluded from the definition of sales price only if they are separately stated on the bill to the purchaser. <ul style="list-style-type: none"> Charges by the seller for any services necessary to complete the sale other than delivery and installation 			Taxable unless separately contracted for, separately stated on the invoice or similar document, and the amount is not the sales price of a taxable sale or taxable service -2005 Iowa Code, § 423.1(47) as amended by Senate File 413, 2005 Iowa acts
<ul style="list-style-type: none"> Delivery charges including direct mail 		X	See above
<ul style="list-style-type: none"> Delivery charged excluding direct mail 		X	See above
<ul style="list-style-type: none"> Installation charges 			Iowa taxes certain enumerated services. Some of these services may involve installation of tangible property. 423.2
<ul style="list-style-type: none"> Exempt personal property bundled with taxable personal property 	X		See above
<ul style="list-style-type: none"> Credit for trade-in 		X	Trade-in is used to reduce the selling price if the property being traded is normally sold in the seller's business. 423.1(47) & 423.3(59)

Product definitions			
Clothing and related products	Taxable	Exempt	Statute/Rule Cite
Clothing			Tax holiday of two days in August allowed for clothing with a sale price of less than \$100- 2005 Code, § 423.3(68).
Clothing accessories or equipment	X		§§ 423.2(1) & 423.3(68)
Protective equipment	X		See above
Sport or recreational equipment	X		Se above
Computer related products	Taxable	Exempt	Statute/Rule Cite
Computer software (not prewritten)		X	Dept. rule 701-18.34(1)"b"(4)
Computer software (not prewritten) delivered electronically		X	See above
Computer software (not prewritten) delivered via load and leave		X	See above
Prewritten computer software	X		Department rule 701-18.34(1)"b"(3)
Prewritten computer software delivered electronically		X	2005 Iowa Code, § 423.3(67).
Prewritten computer software delivered via load and leave	X		423.2(1), 423.3(67) and Department rule 701-231.14(423).
Food and food products	Taxable	Exempt	Statute/Rule Cite
Candy	X		2005 Iowa Code, § 423.3(57)
Dietary supplements	X		See above
Food and food ingredients		X	See above
Food sold through vending machines			The definition is adopted with the qualification that food sold through a vending machine which could be purchased with food stamps is not taxable
Soft drinks	X		423.3(57)"g"

Prepared food			
Prepared food options - indicate whether the following options are included or excluded from the definition of prepared food.	Included in the definition	Excluded from the definition	Statute/Rule Cite
<ul style="list-style-type: none"> Food sold without eating utensils provided by the seller whose primary NAICS classification is manufacturing in sector 311, except subsection 3118 (bakeries) 	X		2005 Iowa Code, § 423.3(57)"f"(3)
<ul style="list-style-type: none"> Food sold without eating utensils provided by the seller in an unheated state by weight or volume as a single item 		X	2005 Iowa Code, § 423.3(57)"f"(3)(d)
<ul style="list-style-type: none"> Bakery items sold without eating utensils provided by the seller, including bread, rolls, buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas 			The exclusion is limited to bakery items sold by the seller which baked them. There is no mention of a sale without eating utensils. See § 423.3(57)"f"(3)c)

Health-care products			
Drugs (indicate how the options are treated in your state)	Taxable	Exempt	Statute/Rule Cite
<ul style="list-style-type: none"> Drugs for human use without a prescription 	X		423.2(1)
<ul style="list-style-type: none"> Drugs for human use with a prescription 		X	2005 Iowa Code, § 423.3(60)
<ul style="list-style-type: none"> Drugs for animal use without a prescription 	NA		
<ul style="list-style-type: none"> Drugs for animal use with a prescription 	NA		
<ul style="list-style-type: none"> Insulin for human use without a prescription 		X	423.3(60)
<ul style="list-style-type: none"> Insulin for human use with a prescription 		X	423.3(60)
<ul style="list-style-type: none"> Insulin for animal use without a prescription 	NA		
<ul style="list-style-type: none"> Insulin for animal use with a prescription 	NA		
<ul style="list-style-type: none"> Medical oxygen for human use without a prescription 		X	423.3(60)
<ul style="list-style-type: none"> Medical oxygen for human use with a prescription 		X	423.3(60)
<ul style="list-style-type: none"> Medical oxygen for animal use without a prescription 	NA		
<ul style="list-style-type: none"> Medical oxygen for animal use with a prescription 	NA		
<ul style="list-style-type: none"> Over-the-counter drugs for human use without a prescription 	X		423.2(1)
<ul style="list-style-type: none"> Over-the-counter drugs for human with a prescription 		X	423.3(60)
<ul style="list-style-type: none"> Over-the-counter drugs for animal use without a prescription 	NA		
<ul style="list-style-type: none"> Over-the-counter drugs for animal use with a prescription 	NA		
<ul style="list-style-type: none"> Grooming and hygiene products for human use 	X		423.2(1)
<ul style="list-style-type: none"> Grooming and hygiene products for animal use 	X		423.2(1)
<ul style="list-style-type: none"> Drugs for human use to hospitals and other medical facilities 			Could be exempt as a sale for resale or sale to a nonprofit hospital or other nonprofit medical facility. See Code §§ 423.3(2), (18) and (27).

Drugs continued	Taxable	Exempt	Statute/Rule Cite
• Prescription drugs for human use to hospitals and other medical facilities		X	423.3(60)
• Drugs for animal use to veterinary hospitals and other animal medical facilities	NA		
• Prescription drugs for animal use to hospitals and other animal medical facilities	NA		
• Taxable and nontaxable drugs bundled together	X		Under § 423.1(47) of the Code the whole “sales price” is taxable unless the nontaxable drugs are separately contracted for and the amount for which they are sold is separately listed on the purchase document.
• Free samples of drugs for human use	X		423.2(1)
• Free samples of prescription drugs for human use		X	423.3(59)
• Free samples of drugs for animal use	NA		
• Free samples of prescription drugs for animal use	NA		

Durable medical equipment (indicate how the options are treated in your state)	Taxable	Exempt	Statue/Rule Cite
• Durable medical equipment without a prescription	X		§ 423.3(60) 2005 Iowa Code as amended by Senate File 413, 2005 Iowa Acts.
• Durable medical equipment with a prescription	X		See above
• Durable medical equipment paid for by Medicare		X	See above
• Durable medical equipment reimbursed by Medicare		X	Se above
• Durable medical equipment paid for by Medicaid		X	See above
• Durable medical equipment reimbursed by Medicaid		X	See above
• Durable medical equipment for home use without a prescription	X		See above
• Durable medical equipment for home use with a prescription		X	See above
• Durable medical equipment for home use paid for by Medicare		X	See above
• Durable medical equipment for home use reimbursed by Medicare		X	See above
• Durable medical equipment for home use paid for by Medicaid		X	See above
• Durable medical equipment for home use reimbursed by Medicaid		X	See above

Mobility enhancing equipment (indicate how the options are treated in your state)	Taxable	Exempt	Statue/Rule Cite
• Mobility enhancing equipment without a prescription	X		§ 423.3(60) 2005 Code as amended by Senate File 413, 2005 Iowa Acts.
• Mobility enhancing equipment with a prescription		X	See above
• Mobility enhancing equipment paid for by Medicare		X	See above
• Mobility enhancing equipment reimbursed by Medicare		X	See above
• Mobility enhancing equipment paid for by Medicaid		X	See above
• Mobility enhancing equipment reimbursed by Medicaid		X	See above

Prosthetic devices (indicate how the options are treated in your state)	Taxable	Exempt	Statute/Rule Cite
• Prosthetic devices without a prescription		X	2005 Code, § 423.3(60)
• Prosthetic devices with a prescription		X	"
• Prosthetic devices paid for by Medicare		X	"
• Prosthetic devices reimbursed by Medicare		X	"
• Prosthetic devices paid for by Medicaid		X	"
• Prosthetic devices reimbursed by Medicaid		X	"
• Corrective eyeglasses without a prescription		X	"
• Corrective eyeglasses with a prescription		X	"
• Corrective eyeglasses paid for by Medicare		X	"
• Corrective eyeglasses reimbursed by Medicare		X	"
• Corrective eyeglasses paid for by Medicaid		X	"
• Corrective eyeglasses reimbursed by Medicaid		X	"
• Contact lenses without a prescription		X	"
• Contact lenses with a prescription		X	"
• Contact lenses paid for by Medicare		X	"
• Contact lenses reimbursed by Medicare		X	"
• Contact lenses paid for by Medicaid		X	"
• Contact lenses reimbursed by Medicaid		X	"
• Hearing aids without a prescription		X	"
• Hearing aids with a prescription		X	"
• Hearing aids paid for by Medicare		X	"
• Hearing aids reimbursed by Medicare		X	"
• Hearing aids paid for by Medicaid		X	"
• Hearing aids reimbursed by Medicaid		X	"
• Dental prosthesis without a prescription		X	"
• Dental prosthesis with a prescription		X	"
• Dental prosthesis paid for by Medicare		X	"
• Dental prosthesis reimbursed by Medicare		X	"
• Dental prosthesis paid for by Medicaid		X	"
• Dental prosthesis reimbursed by Medicaid		X	"